

City of Burlington

Standard Operating Procedure for Perpetual Care 4/1/16

1. Purpose

The primary purpose of this document is to provide guidelines for the prudent investment and fund management procedure, and to establish a process of how the Perpetual Care monies will be invested and managed in accordance with State of Vermont statutes and the City's Investment Policy.

2. Scope

a. The Perpetual Care Fund falls under Special Revenue Funds, which accounts for the proceeds of specific revenue sources that are restricted or committed to expenditure for defined purposes other than debt service or capital projects. One or more specific restricted or committed revenues should comprise a substantial portion of the fund's resources but may also include other restricted, committed, and assigned resources. The Perpetual Care Fund is held in a completely segregated account, and is not comingled with other City monies.

b. This fund has a restricted fund balance which represents the portion of the fund that is subject to externally enforceable legal restrictions.

c. All monies entrusted to the Chief Administrative Officer as directed by the City Council shall be invested in accordance with State of Vermont statutes and are subject to the approval of the Board of Finance and City Council.

d. All monies in the Perpetual Care Fund are deposited into a segregated Key Bank Capital Markets Investment Account made up of 2, 3, 4, and 5 year CDs, and therefore not comingled with any other funds, and thereby not available for any use other than as specified for cemetery care.

e. All interest earned from these CDs are and shall be deposited into a segregated account, and therefore not comingled with any other funds, and thereby not available for any use other than as specified for cemetery care.

3. Investment Policy

The primary objectives, in priority order, of investment activities shall be:

- I. Safety** – Safety of principal is the foremost objective of the investment program. Investments of the City of Burlington shall be undertaken in a manner that seeks to ensure the preservation of capital
- II. Maintenance of Liquidity** – City of Burlington's investments will remain sufficiently liquid to enable the City to meet all operating and capital requirements, which might be reasonably anticipated.
- III. Return on investment** – City of Burlington's investments shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment

risk constraints and cash flow needs and any applicable transaction costs or other fees.

Per the Investment Policy, the City of Burlington is authorized to invest in ultra-conservative categories that are considered to be zero risk. The policy allows for the use of Certificates of Deposit, Money Market Accounts, Savings Accounts, Now Accounts, Checking Accounts, U.S. Treasury Bills, Treasury Notes or Bonds, and Municipal or State Bonds, and calls for a diversification of investments. The use of any other investment options would require City Council approval.

4. Investment Strategy

a. Primary responsibility is to invest money as proscribed in Investment Policy and State statutes.

b. The Perpetual Care Fund will be reviewed on a quarterly basis. Any revenues from lot sales will be transferred to the Capital Markets Investment account.

c. As of 4/11/16 there is \$1,243,102.50 invested into multiple year CDs in the Key Bank Capital Markets Investment Account. There is \$1,574.43 in a Key Bank deposit account resulting from lot sales. On a quarterly basis the Clerk Treasurer's Office staff will review the investments mix and determine if any adjustments will be made to earn higher rates if return. Any adjustments must meet City's Investment Policy requirements.

d. As of 4/11/16 there is \$16,090.68 in the segregated "interest" account. At least once a year interest earned within the Investment Account will be transferred to the "interest" segregated account to be available for use as previously stated in this policy.